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SENT TO: Amembassy TOKYO. 255

Your 271.
 Griffith

/Johnson will make strong representations to Asakai August 6 against

project to amend FCN treaty. Will present paper stressing following:

(1) Senate action required and would result criticism detrimental
 general relations and Japan's commercial and industrial interests.

(2) Similar ~~provisions~~ provisions common to U.S. treaties with principal
 industrial states whose policies generally encourage foreign investment.
 Japan's proposal would constitute backward step away from movement promising
 for economic progress free world.

(3) Step bad example to developing countries where Japanese invest-
 ment important both for Japan's and developing country's economy.

(4) Japan's concern about excessive foreign investment unjustified
 especially in view great contribution such investment to Japan's phenomenal economic growth.

(5) Paragraph 6 treaty protocol sufficient safeguard against
 imbalances affecting balance payments position.

(6) Japan has gained advantages from treaty account liberal standards
 for relations with U.S. and its contribution Japan's favorable position.

Drafted by:

OTF:CPT:VGSetser:mn 8/3/62

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world economy. Restrictions maintained heretofore precluded extensive reciprocal advantages for U.S. U.S. Government disturbed find Japan moving toward cancellation treaty rights when growing economic strength should open up greater opportunities for U.S. investor.

Commerce understood planning meeting with Asakai on subject. Embassy should proceed with suggested approach Foreign Office.

End

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